

## City of Falls Church

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| Meeting Date:<br>4-9-12   | Title: ORDINANCE TO AMEND<br>CHAPTER 42, "UTILITIES," TO<br>REVISE SEWER RATES (TO12-05) | Agenda No.:<br>10 (a) (4)  |
| Proposed Motion: <b>MOVE to adopt (TO12-05).</b>  |  |  |
| Originating Dept. Head:<br>Brenda Creel, Director, Public Utilities<br>703.248.5114 <b>BJC 4-3-12</b><br>Richard La Condre, CFO<br>703.248.5092 |  | Disposition by Council:<br><br><b>Passed 7-0</b><br><b>Ord. 1873</b>   |
| <b>City Manager:</b><br>Wyatt Shields<br>703.248.5004<br><b>FWS 4-5-12</b>  | <b>City Attorney:</b><br>John Foster<br>703.248.5010<br><b>JEF 4-5-12</b>                | <b>CFO:</b><br>Richard La Condre<br>703.248.5092<br><b>RAL 4-05-12</b> |

REQUEST: City Council is requested to increase the City sewer commodity rate from \$7.25 per 1,000 gallons to \$7.91 per 1,000 gallons, effective July 1, 2012. This ordinance is now before Council for second reading and final adoption.

RECOMMENDATION: Staff recommends passage of TO12-05, pursuant to the consultant's recommendations. The Public Utilities Commission met on December 14, 2010 to review the consultant's proposal, and unanimously recommended approval. City Council received a sewer rate study update from the consultant at its March 19, 2012 work session.

BACKGROUND: In view of capital costs incurred in the Sewer Utility Fund to comply with U.S. Environmental Protection Agency (EPA) mandated wastewater treatment plant upgrades, the City undertook a comprehensive review of its sanitary sewer rates in FY11 and contracted with the firm of Municipal & Financial Services Group (MFSG) to evaluate the City's sewer charges. MFSG analyzed the adequacy of the commodity charges and fees to support the operational and capital costs of the sanitary sewer system. The resulting study found that the existing fee structure did not provide sufficient revenue for the operation of the system. The study recommended a five-year financial plan and associated phased rate increases beginning in FY12. The first rate increase was adopted by City Council on February 28, 2011, and was effective July 1, 2011.

Currently, the City's commodity charge for sanitary sewer is \$7.25 per 1,000 gallons. MFSG recommends that the City increase its sewer commodity charge to \$7.91 per 1,000 gallons. These additional revenues are required for system operation and maintenance, planned capital improvements, outstanding and future debt, and contributions to reserves. In particular, additional revenues are required to meet debt obligations associated with the capital costs incurred for the Arlington and Alexandria treatment plant upgrades as mandated by EPA. The upgrades will allow both plants to meet enhanced nitrogen removal requirements designed to improve water quality in the Chesapeake Bay. In addition, additional revenues will begin to build recommended reserves.

37 The attached Ordinance establishes sewer rates consistent with State Code, which  
38 requires sewer fees and commodity charges to be established by ordinance.  
39

40 FISCAL IMPACT: This measure will provide revenues required to assure the  
41 continued financial health and stability of the sewer fund and to meet the capital and  
42 reserve needs of the City's sanitary sewer system.  
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44 TIMING: Routine.

(TO12-05)

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47 ORDINANCE TO AMEND CHAPTER 42, "UTILITIES," TO REVISE  
48 SEWER RATES  
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50 THE CITY OF FALLS CHURCH, VIRGINIA, HEREBY ORDAINS THAT  
51 Chapter 42, "Utilities," of the Code of the City of Falls Church, VA, Section 42-172,  
52 "Availability charge" is hereby amended as follows:  
53

54 **Sec. 42-172. - Availability charge.**  
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56 (a) *Classification of customers...*  
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58 (b) *Definitions...*  
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60 (c) *Advance quarterly use...*  
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62 (1) The first bill...

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64 (2) The sewer charge as determined by the appropriate method noted above shall  
65 be ~~\$7.25~~ **\$7.91** per thousand gallons of water billed.  
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67 (d) *Sewer Revenue Fund...*  
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69 This ordinance shall become effective on July 1, ~~2011~~ **2012**.  
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71 1st Reading: 3-26-12

72 2nd Reading: 4-9-12

73 Adoption: \_\_\_\_\_

74 (TO12-05)